QUARTERLY REPORT SECOND QUARTER — 2004

April 1, 2004 through June 30, 2004

VALLEY BROADCASTING COMPANY, LICENSEE OF KVBC-TV, CHANNEL 3, SERVING, LAS VEGAS, NEVADA, HAS DETERMINED THAT THE ISSUES OF CONCERN TO THE COMMUNITY SERVED BY IT ARE AS FOLLOWS:

1. GROWTH

Growth in the Las Vegas Valley continues to create both a positive and negative impact on the community. **Traffic and construction** concerns leave drivers frustrated and commuters stuck in traffic jams. An increase in population combined with a drought put Southern Nevada in a severe **water** shortage. Water restrictions have impacted the community as government agencies work to solve the water shortage. **Home ownership** is becoming increasingly more difficult as home prices jump, rising more that 50% in the last 5 years. As more people move to the area, people are finding it more difficult to buy a home and property is selling above the appraised prices. Strong **employment** opportunity is still the number one reason people choose to move to Las Vegas.

2. EDUCATION

Education continues to be a serious issue of concern in our community as the nation's 6th largest school district and with the area's continued growth. People are concerned about **teacher quality** and school curriculum **accountability**, especially with the nation's "No Child Left Behind" initiative. This time of year, with spring, proms and graduation there are concerns about the **safety of teens** and their **driving**. **School activities** continue to be limited by budget cuts and lack of funding.

3. CRIME

Living in a 24 hour town, **crime** and **personal home safety** are important issues for our residents. **Terrorism**, globally and issues in our own country have been in the news recently. **Safety and law enforcement** are top priority to many concerned in our community. In addition **drug** use and **DUI** remains a top concern for issues.

4. **LIFESTYLES**

Southern Nevada adults enjoy an active **lifestyle**. People are involved with their **health** issues and with getting proper **medical** care. People are concerned about outside perceptions of our **community image** specifically with the current ad campaign outside our community. Nevadans focus on **family and friends** is the true reflection of our community as is seen in our **warm weather activities** while people also enjoy **gambling** and going to **casinos** as an adult activity.

5. ECONOMICS

Las Vegas is in the middle of a record breaking population boom. As more people flock to the valley, finding **employment** is an issue for all residents. Also, finding a place to live has become increasingly competitive, and **cost of living** and **money issues** become a major concern. Driving around town is also an issue because of **rising gas prices** hitting people in the wallet. **Tourism** is still thriving and seems to be a constant in an unstable national economy.

6. POLITICS

Politics are on people's minds. Nevada has been identified as a "swing state" during the 2004 presidential election, and commercials have begun in force addressing political **issues** and **campaigns**. Nevada's federal and local **representation** are addressing national issues that impact the state, counties and cities. Whether people are registered voters or not, most people are already talking about this election year.

THE PROGRAMMING AND PUBLIC SERVICE ANNOUNCEMENTS PRODUCED AND AIRED BY VALLEY BROADCASTING COMPANY RESPOND TO THESE LOCAL ISSUES OF CONCERN. ILLUSTRATIVE IS THE FOLLOWING LIST OF PROGRAMMING AIRED DURING THE REPRESENTATIVE WEEKS OF: April 12-18, 2004, May 10-16, 2004 and June 7-13, 2003.

STORIES APPEARING ON NEWS 3 SUNRISE, NEWS 3 AT SUNRISE, NEWS 3 TODAY, NEWS 3 AT NOON, FIRST NEWS 3 AT FOUR, NEWS 3 AT FIVE, NEWS 3 AT SIX, NEWS 3 NIGHTSIDE, NEWS 3 SUNRISE, THE WEEKEND REPORT, NEWS 3 TODAY, THE WEEKEND REPORT, NEWS 3 AT FIVE, THE WEEKEND REPORT, NEWS 3 AT SIX, THE WEEKEND REPORT, AND NEWS 3 NIGHTSIDE, THE WEEKEND REPORT ARE OF A 1 MINUTE 15 SECOND/1 MINUTE 45 SECOND DURATION.

INSTRUCTIONAL PROGRAMS APPEARING ON NEWS 3 INCLUDE: (1) HEALTHLINE 3, WHICH FEATURES MEDICAL BREAKTHROUGHS, HEALTH WARNINGS, MEDICAL STUDIES, AND PREVENTATIVE CLINICS; (2) "BABY YOUR BABY" OFFERING INFORMATION ENCOURAGING WOMEN TO SEEK EARLY AND CONTINUOUS PRENATAL CARE; (3) CRIMETRACKER, WHICH FOCUSES ON THE LATEST CRIME FIGHTING TECHNIQUES AND SPECIAL PROGRAMS PROVIDED BY LOCAL POLICE FOR THE COMMUNITY AND ANY HONORS OR AWARDS GIVEN TO POLICE; (4) MAKE A WISH, A PROGRAM THAT HELPS GRANT THE WISHES OF A CHILD WITH A TERMINAL OR LIFE-THREATENING ILLNESS; (5) SAVING YOU MONEY, WHICH FOCUSES ON TIPS TO MAKE YOUR DOLLAR GO A LILTTLE FURTHER AND STORIES ABOUT THE ECONOMY; (6) KIDS FIRST, WHICH PROFILES WHATS HAPPENING WITH OUR KIDS, BOTH POSITIVE AND NEGATIVE TRENDS, AND EDUCATION RELATED TOPICS; (7) WWW.KVBC.COM, OUR WEBSITE, WHICH FEATURES CRIMETRACKER, BABY YOUR BABY, MAKE-A-WISH, SAVING YOU MONEY, AND KIDS FIRST INFORMATION 24 HOURS A DAY.

ADDITIONALLY, KVBC IS A STATION AFFILIATED WITH THE NATIONAL BROADCASTING COMPANY, INC. TELEVISION NETWORK. THE STATION CARRIES REGULARLY SCHEDULED PROGRAMMING OF THAT NETWORK WHICH INCLUDES PROGRAMS WHICH RESPOND TO ISSUES OF IMPORTANCE TO THE COMMUNITY.

KVBC ALSO PERIODICALLY HOSTS A "CALL 3" PROGRAM. THIS IS A NEWS AND INFORMATIONAL-TYPE PROGRAM, WHICH IS BROADCAST ON AN AS-NEEDED BASIS,

DICTATED BY EVENTS AFFECTING OUR COMMUNITY. EXPERTS, EXPERIENCED IN THE TOPIC KVBC COVERS, ANSWER ONE OF SEVEN TELEPHONES IN THE "CALL 3" ROOM AND RESPOND TO SPECIFIC AND DIRECT INQUIRIES FROM THE COMMUNITY AT LARGE. THE CALL-IN PROGRAM ITSELF IS CONDUCTED OVER A ONE TO THREE HOUR PERIOD AT THE TELEVISION STATION. KVBC DOES LIVE CUT-INS DURING "CALL 3" WHICH EITHER RUN DURING NEWSCASTS, NEWS SPECIALS AND/OR DOCUMENTARIES.

VALLEY BROADCASTING COMPANY QUARTERLY REPORT 2ND QUARTER, 2004

VALLEY BROADCASTING COMPANY
ISSUES OF CONCERN RESPONSIVE TO
THE PROBLEMS, NEEDS AND INTERESTS
OF CHILDREN 16 YEARS OLD AND UNDER
IN THE SOUTHERN NEVADA AREA
FOR THE SECOND QUARTER 2004

April 1, 2004 through June 30, 2004

1. PEER PRESSURE

Nevada's children continue to have to deal with **stress** and **peers**. **Friends** are both a positive and negative **pressure** to experiment with **alcohol**, **drugs**, and **smoking**. The pressure to engage in **sexual** activity is also a pressure for them potentially resulting in pregnancy.

2. SCHOOL

As the school year wraps and more kids are outside, there could be an increase in **bullying.** Many students will also get more involved in **school activities**, enjoying the safety and secure provided by the structured environment. These activities boost their self esteem and reinforce the ideals of education. Kids will continue to feel the stress and demands of **homework** especially as they prepare for end of the school year finals.

3. VIOLENCE

Violence in the community is an all-important issue that faces everyone. From violence at home to **gang** related street violence, it's a threat that affects many residents everyday. **Fears** of **guns** and **hatred** seem to saturate some local schools and is a scary factor for kids and parents alike.

4. ACTIVITIES

In our climate, **pool activities** start early and **safety** is an issue that requires constant reminder. Kids enjoy many **sport activities**, many of which they can participate through **community parks and recreation**

organizations. Kids tell us that their **computers** and **television** enjoyment is still a priority in having fun. Obesity has become a concern for our kids today, and we are starting to see that promoting a **healthy lifestyle** for kids is the trend for their future.

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IN ITS CONTINUING EFFORT TO MEET THE COMMUNITY YOUTH'S NEEDS, KVBC, CHANNEL 3, BROADCASTS EDUCATIONAL AND INFORMATIVE PROGRAMMING PROVIDED FOR CHILDREN FROM NBC, THAT IS ATTACHED.